

CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

18 October 1963

MEMORANDUM FOR THE DIRECTOR

SUBJECT: President Goulart's Chances for Survival

1. The political and economic situation in Brazil has significantly deteriorated in the past several months, and we have therefore re-examined the judgments in our estimate on Brazil (NIE 93-2-63) approved on 10 July 1963. The only major judgment which we believe may no longer be appropriate is the estimate that -- despite Brazil's deep political and economic problems -- "the chances still favor" President Goulart's serving out the remainder of his term (to January 1966) and retiring at that time.

2. In recent months it has become apparent, even to Goulart's supporters, that Goulart's inability to understand Brazil's economic problems and his unwillingness to make the hard political decisions necessary to deal with them has contributed greatly to continuing economic deterioration. The US-Brazilian agreement of March 1963 has not been carried out, partly because of opposition

S-E-C-R-E-T

GROUP 1
Excluded from automatic
downgrading and
declassification

S-E-C-R-E-T

from strong domestic political forces who would be adversely affected by effective implementation of the agreement; these include the military and some sectors of industry as well as labor. In addition, the Finance Minister who signed the agreement has been removed and his replacement has neither come up with positive proposals nor received full support and encouragement from the President. The rate of inflation has again picked up, and Brazil faces a critical period in foreign debt repayment early in 1964.

3. Meanwhile, political tensions have greatly increased. This is owing in part to Goulart's constant political maneuvering, including frequent cabinet changes, and in part to a series of demaging strikes, many of which obviously were politically inspired. The sergeants' revolt in Brazilia a few weeks ago was a critical event. It upset the Brazilian military leaders, including those loyal to Goulart, and was generally attributed to the regime's coddling of the noncommissioned officers.

4. When sharp public criticism of Goulart and his regime by Governor Lacerda of Guanabara prompted Goulart and his ministers to ask Congress for a state-of-siege declaration, strong opposition developed from both right and left. The government quickly withdrew

- 2 -

S-E-C-R-E-T

S-E-C-R-E-T

its request, but Goulart and his military ministers, who openly supported the request, nevertheless suffered a major political defeat. Added to all the other criticisms and difficulties of the regime, this event has made the political situation fragile indeed.

5. This fragility has been made manifest in the increasingly vociferous and violent character of the political scene. Some of Goulart's political supporters have become his political enemies and openly attack him. Rumors abound of a plot to arrest Lacerda and even to assassinate him. Talk of coup plotting is rife, not only among retired rightist military personnel, but among leading civilian politicians. While political moderates probably still constitute a majority in Brazil and while most people almost certainly long for the restoration of political tranquillity, the increasing aggressiveness of political forces at the extremes, combined with the indecisiveness of the regime, has created widespread uncertainty and fear for the future.

6. In these circumstances, it is of course possible that the divisions within the nation itself, the absence of alternative leadership acceptable to the majority of the contending forces, and the lack of unity and purpose within the military, will in effect

- 3 -

S-E-C-R-E-T

combine to keep Goulart in office. On the other hand, Goulart is showing less political agility than in the past, economic problems are becoming more pressing and difficult, the military -- even those personally loyal to Goulart -- are showing unease over continuing political turmoil, and Goulart's radical supporters are demonstrating unprecedented resistance to his leadership. We conclude, therefore, that there is greater uncertainty now than there was when we prepared our last estimate that President Goulart will remain in office until the end of his term. The next six or twelve months will probably be the critical period.

25X6

8. During the next six to twelve months the US is likely to be confronted with difficult decisions regarding Brazil. Whether, in what manner, and in what circumstances the US provides financial aid to Brazil might determine the fate of Goulart and influence the character of any successor regime. Whether Goulart stays or departs, Brazil's difficult problems will not be easily resolved. While Goulart's political and personal characteristics have probably hindered a solution, we do not see on the horizon a likely successor capable and willing -- in light of conditions in the country -- to make an effective and consistent attack upon those problems.

FOR THE BOARD OF NATIONAL ESTIMATES:



SHERMAN KENT
Chairman

25X1

Approved For Release 2005/11/29 : CIA-RDP79R00904A001000020022-7

UNCLASSIFIED				CONFIDENTIAL				SECRET			
CENTRAL INTELLIGENCE AGENCY OFFICIAL ROUTING SLIP											
TO	NAME AND ADDRESS						DATE		INITIALS		
1	DD/I						10/21/63				
2	Executive Director DDCI 10/22						26 Oct 10/25				
3	DCI						26 Oct				
4											
5											
6											
ACTION				DIRECT REPLY				PREPARE REPLY			
APPROVAL				DISPATCH				RECOMMENDATION			
COMMENT				FILE				RETURN			
CONCURRENCE				INFORMATION				SIGNATURE			

Remarks:

OK Special To Secy Dallas

We recommend that this memorandum be distributed to the USIB members for information, and by Mr. Cooper to the White House.

CONCURRENCE:

Deputy Director/Intelligence

FOLD HERE TO RETURN TO SENDER

FROM: NAME, ADDRESS AND PHONE NO.				DATE	
AD/NE 7 E 48				18 Oct 63	
UNCLASSIFIED				SECRET	

3134

MEMORANDUM FOR: Sherman Kent

28 OCT 1963

DCI approves and wants Secretary
Dillon added.

Done 28 Oct.

W. Elder

26 Oct 63
(DATE)

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED. (47)

25X1

1 DDCI -

1 OOI -

25X1